



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
FEBRUARY 24, 2011
CBA MEETING

Meeting Location:

Hilton Los Angeles Airport
 5711 West Century Blvd.
 Los Angeles, CA 90045
 Telephone: (310) 410-4000
 Fax: (310) 410-6177

Teleconference Locations:

Law Offices of Lenora Taylor
 109 Jackson St., Ste. 240
 Hayward, CA 94544
 Telephone: (510) 581-1963

LaManna & LaManna CPAs
 16870 West Bernardo Dr., Ste. 400
 San Diego, CA 92127
 Telephone: (858) 716-9202

I. Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 1:00 p.m. on Thursday, February 24, 2011 at the Hilton Los Angeles Airport in Los Angeles. The meeting adjourned at 3:03 p.m.

CBA Members

February 24, 2011

Sally Anderson, CPA, President	1:00 p.m. to 3:03 p.m.
Marshal Oldman, Vice President	1:00 p.m. to 3:03 p.m.
Leslie LaManna, CPA Secretary-Treasurer	1:00 p.m. to 3:03 p.m.
Diana Bell	1:00 p.m. to 3:03 p.m.
Alicia Berhow	Absent
Michelle Brough	Absent
Donald Driftmier, CPA	Absent
Herschel Elkins	1:00 p.m. to 3:03 p.m.
Louise Kirkbride	Absent
K.T. Leung, CPA	1:00 p.m. to 3:03 p.m.
Manuel Ramirez, CPA	1:00 p.m. to 3:03 p.m.
Michael Savoy, CPA	1:00 p.m. to 3:03 p.m.
David Swartz, CPA	1:00 p.m. to 3:03 p.m.
Lenora Taylor	1:00 p.m. to 3:03 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Dan Rich, Assistant Executive Officer
Rich Andres, Information Technology Staff
Veronica Daniel, Board Relations Analyst
Rafael Ixta, Chief, Enforcement Division
Deanne Pearce, Chief, Licensing Division
Matthew Stanley, Legislation/Regulation Analyst
Vincent Johnston, Outreach Analyst
Anita Scuri, Legal Counsel, Department of Consumer Affairs (DCA)

Other Participants

Bruce Allen, California Society of CPAs (CalCPA)
James Counts, CPA
Gil DeLuna, Acting Bureau Chief, Professional Fiduciaries Bureau

II. Background Presentation on the Professional Fiduciaries Bureau (PFB).

Mr. Johnston provided an overview of the memorandum for this item (**see Attachment 1**).

Ms. Anderson introduced Mr. Gil DeLuna, Acting Chief of the PFB

Mr. Deluna provided an overview of the PFB and a brief history of his role since his assignment as acting Chief to the PFB in June 2010.

Ms. Anderson inquired regarding why the PFB has only 450 licensees. Mr. DeLuna stated that when SB 1550 was enacted in 2006, there were originally projected to be approximately 1200 licensees. Prior to the current licensing requirements, any person that was performing fiduciary work was required to register with the Attorney General's Office. When the licensing requirement became law, there were many fiduciaries that were registered with the Attorney General's Office that did not meet the licensing requirements of the PFB.

Mr. Ramirez inquired whether or not Ms. Scuri had any insight regarding the sunset review process when it is determined that a bureau cannot support itself. Ms. Scuri stated that she doesn't believe that there has been a sunset review of a bureau or board as small as the PFB. Ms. Scuri further stated that the size and financial structure of the PFB may play a factor in the sunset analysis.

Mr. Oldman gave a brief history of his experience in regards to the courts involvement with fiduciaries and the system that is in place.

Mr. Ramirez discussed the legislative history provided by CBA staff. Mr. Ramirez stated the differences in services provided by a fiduciary compared to a CPA, quoting from the June 15, 2009 Senate Business Profession and Economic Development Committee meeting, where the committee specifically stated “there appears to be no relationship of professional standards or responsibilities between the two professions”. Mr. Ramirez recognized CBA staff for their outstanding job in providing such an in depth analysis of legislative history.

CBA members discussed the personnel statistics and duties performed by personnel at the PFB. CBA members inquired regarding the 1.7 employees allotted to the PFB and how they handle the case load with limited staff support. Mr. DeLuna stated there are resources and services offered through DCA for complaints and investigations that are available to the PFB to help with the shortfalls of positions.

Mr. Counts inquired regarding the PFBs plans to increase licensees and whether they expect to look at adding new categories of licensure to increase the licensing population. Mr. DeLuna stated that there may be some laws passed that would require new categories of fiduciaries. Mr. DeLuna further stated that the PFB hopes to educate and inform the public and fiduciaries by utilizing DCA’s outreach program.

III. Discussion of Previously Proposed Consolidation of the CBA and the PFB.

Mr. Johnston provided an overview of the memorandum for this item. **(see Attachment 2).**

There were no comments received for this item.

IV. Overview of PFB Laws and Regulations (California Business and Professions Code Division 3, Chapter 6, Sections 6500-6592 and California Code of Regulations Title 16, Division 41, Sections 4402-4580).

Mr. Stanley provided an overview of the memorandum for this item **(see Attachment 3).**

There were no comments received for this item.

V. Discussion Regarding the Possible Consolidation of the CBA and the PFB.

Mr. Stanley provided an overview of the memorandum for this item **(see Attachment 4).**

Mr. Ramirez inquired regarding current CBA staff and whether there is existing staff with fiduciary expertise. Ms. Bowers replied, there are no CBA staff with fiduciary expertise, and further stated that it would be something

the CBA would have to become knowledgeable in and train staff in order to adequately handle the additional work load.

Mr. Allen inquired regarding the purpose of this meeting. Ms. Bowers stated that the CBA is scheduled for Sunset Review on March 21, 2011 and it is anticipated that the matter may be discussed at that time. Ms. Bowers further stated that it is desirable that she and President Anderson attend the hearing with the CBA's position in order to adequately respond to potential inquiries.

VI. Discussion of Possible Legislative Language Regarding the PFB.

There was no report for this item.

VII. Direction to Witnesses on Statements to be Made at Sunset Review Hearing.

It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to adopt an "Oppose" position regarding the possible consolidation of the CBA and the PFB, and to instruct staff and the CBA President to convey the CBA's message of opposition to all interested parties, including the Legislature.

Ms. Anderson stated the CBA has been around for 110 years for the purpose of protecting consumers of CPA services through the licensure of CPAs. Ms. Anderson further stated the PFB is incongruent with CBA's focus, the consolidation does not make sense and there is a disproportionate share of responsibility that the CBA would be taking on compared to the fees generated. Ms. Anderson further stated that it is her personal opinion that the PFB should go back to the court system.

Mr. Oldman concurred with Ms. Anderson that oversight and regulation of fiduciaries is not something that melds naturally within the CBA. Mr. Oldman stated that the amount of effort to regulate 450 licensees is disproportionately large and requires a major effort to manage.

Mr. Elkins stated it is ironic that the licensees of the CBA are exempt from PFB licensure, yet it is being proposed that the board and bureau consolidate. Mr. Elkins further stated he does not believe it would be reasonable to consolidate.

Mr. Savoy stated that a merger is incongruent with the CBA's roles and responsibilities. Mr. Savoy further stated that staff is currently overworked and underpaid and he could not see the CBA taking on any more work for no pay in an area in which the CBA has no expertise.

Ms. LaManna stated her concern with taking on the costs associated with the enforcement cases the PFB has not yet addressed.

Ms. Bell stated it is clear that there is not an obvious leverage that can be made regarding cost savings by the PFB. Ms. Bell further stated that consolidation puts CBA's consumer protection efforts in jeopardy.

VIII. Other Business.

National Association of State Boards of Accountancy's Request for Vice Chair Recommendations for 2011-12.

Ms. Daniel provided an overview of the memorandum for this item (**see Attachment 5**).

It was moved by Mr. Ramirez, seconded by Mr. Oldman and carried by those present to direct staff to prepare and send a letter of support for Mr. Carlos Johnson as Vice Chair of NASBA. Ms. Bell abstained.

IX. Public Comments for Items not on the Agenda.

Mr. Allen stated that the CalCPA concurs with the CBA's position regarding the proposed consolidation with the PFB.

X. Agenda Items for Future CBA Meetings.

There were no comments received for this item.

XI. Adjournment.

President Anderson adjourned the meeting at 3:03 p.m.

Sally Anderson, President

Leslie LaManna, Secretary-Treasurer

Veronica Daniel, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.